

Message Text

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70

ACTION ARA-10

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FM AMEMBASSY KINGSTON

TO SECSTATE WASHDC PRIORITY 209

C O N F I D E N T I A L KINGSTON 0673

E.O. 11652: GDS

TAGS: EMIN, ELAB, JM

SUBJECT: ALCOA CLOSE DOWN

REF: KINGSTON 657

1. PAUL CROUCH, LOCAL ALCOA MANAGING DIRECTOR, INFORMED ME LAST NIGHT THAT HE HAD PICKED UP ON MY SUGGESTION (REFTEL) AND HAD MET WITH GOJ BAUXITE NEGOTIATOR, MAYER MATALON, AND ISLAND SUPERVISOR OF THE NATIONAL WORKERS UNION (NWU), CARLYLE DUNKLEY. CROUCH SAID HE HAD TOLD THEM THAT THERE WAS NO DOUBT ON ALCOA'S PART THAT THE MOTORCYCLE HOOLIGANS WHO HAD ATTACKED SUPERVISORY PERSONNEL DIRECTLY WERE CONNECTED WITH THE UNION MEETING WHICH PRECEDED THE ATTACK, AND THAT REOPENING OF THE PLANT WOULD DEPEND ON THE WILLINGNESS OF THE NWU TO ACCEPT THE FIRING OF AT LEAST FOUR ALCOA WORKERS WHO HAVE BEEN THE LEADING TROUBLEMAKERS AT THE CLARENDON FACILITY. IN ADDITION TO THE FIRINGS, ALCOA WOULD INSIST ON TWO OTHER CONDITIONS BEING MET BEFORE THEY WOULD REOPEN THE PLANT:
A)-THE RESTORATION OF SERVICE BY THE JAMAICA RAILWAY CORPORATION; AND
B)- THE ACCEPTANCE OF RESPONSIBILITY BY THE LOACAL POLICE AND THE GOVERNMENT OF JAMAICA TO PROVIDE ADEQUATE SECURITY
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TO PROTECT ALCOA PERSONNEL AND THE PHYSICAL PLANT ITSELF.

2. CROUCH CLAIMED THAT BOTH MATALON AND DUNKLEY WERE SYMPATHETIC AND UNDERSTANDING, BUT THAT DUNKLEY HAD POINTED OUT THAT THE PURGING OF TROUBLEMAKERS AT THE PLANT WOULD BE EXTREMELY DIFFICULT FOR HIS UNION AND THE GOVERNMENT TO ACCEPT

3. A SMALL TEAM OF ALCOA ENGINEERS ARE GOING OUT TO CLARENDON TODAY WITH POLICE ESCORT TO ASSESS POSSIBLE DAMAGE TO THE PLANT AS A RESULT OF THE PRECIPITATE CLOSURE. IT NORMALLY TAKES 72 HOURS TO PROPERLY SHUT DOWN THE PLANT BUT WHEN THE VIOLENCE BROKE OUT, ALL THE SUPERVISORY PERSONNEL COULD DO WAS LITERALLY PULL THE PLUG. SIX EXPATRIATES AND MANY MORE JAMAICAN SUPERVISORY PERSONNEL WERE INJURED IN THE ATTACK.

4. LATER IN THE EVENING I MET WITH THE SENIOR ALCOA VICE PRESIDENTS WHO ARE DOWN FOR THE NEGOTIATIONS WITH GOJ, AND WAS TOLD THAT THEY WISH AN EARLY REOPENING OF THE PLANT BUT ONLY AFTER THE CONDITIONS SPELLED OUT BY CROUCH HAVE BEEN MET. THEY PROFOUNDLY AND JUSTIFIABLY ARE CONCERNED FOR THE SECURITY OF THEIR PERSONNEL. THEY CONCEDED THAT THE FORCED CLOSURE OF THE PLANT GREATLY HAS ENHANCED THEIR BARGAINING POSITION WITH THE GOVERNMENT AND THAT THEY FRANKLY NOW ARE IN THE CATBIRD SEAT. APART FROM THE RECENT VIOLENCE, THE ALCOA NEGOTIATORS CLAIM THAT THEIR TALKS WITH THE GOJ HAVE BEEN GOING VERY WELL (THIS WAS CONFIRMED TO ME FROM THE JAMAICAN SIDE BY MAYER MATALON), AND PLANNED TO RETURN TO KINGSTON ON MARCH 8 FOR FURTHER NEGOTIATIONS. ALCOA V P PARRY ADDED THAT IT WAS QUITE POSSIBLE THEY WOULD BE IN A POSITION TO SIGN AN AGREEMENT AT THE CONCLUSION OF THE MARCH TALKS.

5. COMMENT: I EXPECT ALCOA TO HANG TOUGH ON ITS CONDITIONS FOR REOPENING THE PLANT. MANY EXPATRIATES AND EVEN MORE JAMAICAN SUPERVISORY PERSONNEL WILL REFUSE TO RETURN TO WORK UNLESS THERE ARE SOME RATHER IRON-CLAD PROVISIONS MADE FOR THEIR SECURITY. ALCOA INDEED IS IN THE CATBIRD

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SEAR. WITH THE DEPREESSED ALUMINA MARKET THEY DO NOT NEED JAMAICA'S OUTPUT. IT CAN EASILY BE REPLACED BY INCREASING PRODUCTION AT ANY OF THE ALCOA ALUMINA PLANTS IN SURINAM, AUSTRALIA, OR THE UNITED STATES, ALL OF WHICH ARE MUCH LOWER COST PRODUCERS THAN JAMAICA AND RUNNING AT MUCH LESS THAN FULL CAPACITY GERARD

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